

Message Text

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ORIGIN EB-07

INFO OCT-01 EUR-12 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

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APPROVED BY EB/OA:MHSTYLES

CAB - DR. MENGES

EB/TCA - MR. BILLER

EUR/NE - MR. ACHILLES

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R 262158Z JUL 76

FM SECSTATE WASHDC

TO AMEMBASSY LONDON

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E.O. 11652: N/A

TAGS: EAIR, UK

SUBJECT: CIVAIR - U.S.-U.K. AIRLINE CAPACITY ISSUES

1. FOR YOUR INFORMATION, FOLLOWING IS TEXT OF LETTER
DATED JULY 26 FROM STYLES (EB/OA) TO GEORGE ROGERS,
U.K. DOT, WHICH SENT VIA U.K. EMBASSY WASHINGTON:

QUOTE: WE HAVE DISCUSSED WITH OUR AIRLINES THE SEVERAL
CAPACITY QUESTIONS WHICH YOU RAISED, AND I AM NOW IN A
POSITION TO TELL YOU THE FOLLOWING:

WASHINGTON-LONDON. PAN AM HAS CONFIRMED THAT IT PLANS
TO OPERATE FIVE ROUNDTRIP 747 FREQUENCIES PER WEEK
NONSTOP IN THIS MARKET DURING THE WINTER SEASON. IN
ADDITION, TWO OF PAN AM'S FOURTEEN WEEKLY 747'S AT
NEW YORK WILL BE BACKED UP TO WASHINGTON ON THE DAYS
NONSTOP WASHINGTON-LONDON SERVICE IS NOT PROVIDED. (I
UNDERSTAND THAT THIS IS SIMILAR TO THE PATTERN PROVIDED
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IN WINTER 1975/76.)

CHICAGO-LONDON. TWA AND BRITISH AIRWAYS HAVE AGREED THAT EACH WILL OFFER FIVE ROUNDTrip 747 FREQUENCIES IN THIS MARKET THIS WINTER AND AN AGREEMENT TO THIS EFFECT IS BEING SUBMITTED TO THE CAB. SINCE WE NOW HAVE AN AIRLINE AGREEMENT IN THIS MARKET, I ASSUME THERE IS NO LONGER A PENDING QUESTION BETWEEN US.

MIAMI-LONDON. NATIONAL PLANS TO CONTINUE TO OPERATE DAILY DC-10 SERVICE IN THIS MARKET THIS WINTER. THE REASONS IT HAS GIVEN US FOR THIS DECISION ARE, IN OUR VIEW, COMPELLING, AND WE ARE THUS INCLINED TO STAND BEHIND ITS DECISION.

HONG KONG-SYDNEY. AS I EXPLAINED, THIS IS AN EXCEEDINGLY COMPLEX QUESTION INVOLVING AIRCRAFT AND CREW POSITIONING AS WELL AS THIRD COUNTRY PROBLEMS. HOWEVER, FOLLOWING DISCUSSION WITH PAN AM, WE SUGGEST THAT A COMBINATION OF SEVERAL ACTIONS ON PAN AM'S PART SHOULD MEET YOUR CONCERNS. SPECIFICALLY, PAN AM WILL SUSPEND ALL SERVICES BETWEEN HONG KONG AND SYDNEY NO LATER THAN FEBRUARY 1, 1977. IT WILL ALSO UNDERTAKE, EFFECTIVE OCTOBER 1, 1976, TO REDUCE ITS CARRIAGE OF HONG KONG-SYDNEY TRAFFIC ON ITS EXISTING TWO WEEKLY FLIGHTS (ONE VIA JAKARTA, THE OTHER VIA DENPASAR) TO A LEVEL WHICH WOULD REDUCE ITS PROPORTION OF FIFTH FREEDOM TRAFFIC. WE WOULD BE PREPARED TO DISCUSS A SPECIFIC LEVEL. I BELIEVE THAT THIS APPROACH IS FULLY IN KEEPING WITH THE MANNER IN WHICH YOU HAVE INDICATED THAT THESE SERVICES SHOULD BE CONDUCTED, EXCEPT FOR THE CONTINUED CHANGE OF GAUGE AT SYDNEY FROM OCTOBER 1 THROUGH JANUARY 31 AT THE LATEST. THERE IS NO WAY THAT PAN AM CAN, IN THE SHORT TERM, CONTINUE ITS TWO FLIGHTS TO INDONESIA WITHOUT THE CHANGE OF GAUGE AT SYDNEY. YOUR SUGGESTION THAT THE TWO FLIGHTS NOT OPERATE BETWEEN THE INDONESIAN POINTS AND SYDNEY MAY BE POSSIBLE IN THE LONG TERM, BUT THIS IS NOT OPERATIONALLY POSSIBLE IN THE SHORT TERM AND MOREOVER WOULD DEPRIVE PAN AM OF ITS INDONESIA-SYDNEY TRAFFIC WHICH IS NOT A MATTER OF CONCERN TO THE U.K.

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WE TRUST THAT YOU WILL FIND THE FOREGOING RESPONSIVE TO YOUR CONCERNS, EVEN THOUGH IT FALLS SHORT OF ALL YOUR CONCERNS.

IT IS IMPORTANT THAT BOTH COUNTRIES FOCUS ON THE RENEGOTIATION AND THAT WE AVOID CONFRONTATIONS ON IMMEDIATE ISSUES WHICH WILL SOUR THE RENEGOTIATION ATMOSPHERE. WITH SOME GIVE AND TAKE ON BOTH SIDES, I

AM CERTAIN WE CAN ACCOMPLISH THIS.

WE ARE PURSUING THE TRANSATLANTIC ECONOMY FARE QUESTION
WITH THE CAB AND WILL BE IN TOUCH WITH YOU ON THIS AS
SOON AS POSSIBLE. UNQUOTE. KISSINGER

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